

14 MAY 1949

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ARMY Declass/Release Instructions On File

GENERAL

1. US views on trade agreement between east and west Germany--The Department of the Army has informed the US Military Governor for Germany, with regard to trade between the Soviet and Western Zones of Germany, that the Departments of Army and State believe: (a) the 1948 trade agreement between east and west Germany has legally lapsed and nothing in the Jessup-Malik agreement calls for the reestablishment of those parts of the agreement which are no longer suited to present conditions; (b) east-west trade should be resumed before completion of a new trade and payments agreement; (c) this trade could include the export to the Soviet Zone of limited quantities of items contracted for under the old agreement even if they are on the US prohibited and discretionary lists; and (d) in any new trade arrangements, the prohibited items should be excluded and the discretionary items subjected to the normal quantitative test. Army/TS

2. US, UK, and France shape views on Germany--US Ambassador Jessup in Paris reports that in preparation for the forthcoming CFM meeting the delegations of the US, the UK, and France have reached tentative agreement on: (a) the political conditions for the reestablishment of German unity including freedom of political parties and supervised elections; (b) the western response to a Soviet proposal based on the Warsaw communique or the concept of making Germany a neutral buffer state; and (c) the manner in which the Bonn Constitution can be extended to all of Germany. According to Jessup, the delegations agreed that the procedure for bringing about the unification of Germany must be adjusted to plans for the establishment of a west German republic. Jessup also reports that the delegations generally favor the principle of majority rather than unanimous vote under a possible four power occupation statute, but are considering whether to apply the principle of unanimity to the subjects of disarmament and demilitarization in order to reassure the USSR on security matters. S/TS

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NO. 028

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